



# DONATION POLICY

Council Policy  
C 302-25

<b>Administered By:</b>	Finance Operations	<b>Policy No:</b>	C 302-25
<b>Approval Date:</b>	May 20, 2025	<b>Effective Date:</b>	May 20, 2025
<b>Approved By:</b>	Council	<b>Resolution No.:</b>	130-2025
<b>Review Date:</b>	April 2028		
<b>References:</b>	Tangible Capital Asset Policy 2008-08 (as amended)		

## Purpose

The purpose of this policy is to provide a comprehensive framework for the acceptance, management, and receipting of donations made to the Town of Crossfield. This policy ensures compliance with the Municipal Government Act (MGA) and the Canada Revenue Agency (CRA) regulations concerning charitable gifts and tax receipts.

## Scope

This policy applies to all financial and in-kind donations received by the Town of Crossfield from individuals, businesses, community groups, and other organizations.

## 1. DEFINITIONS

**Conditional Donation:** A gift with defined terms such as project timelines, refund clauses, or performance-based delivery

**Donation:** A voluntary transfer of cash, cash equivalents, or goods (new or used) with no terms or conditions imposed on the recipient other than the program or initiative that it is to be used for. Grants, Public Relations, Public Sponsorship, and the volunteering of time are not considered a Donation.

**Donor:** An individual, business, or organization providing a donation to the Town.

**Eligible Donation:** a Donation that meets Canada Revenue Agency's criteria for the issuance of an official donation receipt for income tax purposes.

**Fair Market Value (FMV):** The price that an item would sell for on the open market.

**Goods:** an item of property that is non-cash or non-cash equivalent and does not meet the definition of a Tangible Capital Asset.

**In-Kind Donation:** a type of charitable giving where instead of giving money to purchase needed goods or services, the goods or services themselves are given.

**Municipal Purposes:** the purposes of a municipality as defined in Part 1, Section 3 of the *Municipal Government Act* (MGA).

**Official Donation Receipt:** A document issued for income tax purposes in accordance with Canada Revenue Agency (CRA) rules.

**Substantial Donation:** any donation with a fair market value exceeding \$100,000 or that may have significant operational, financial, or reputational implications for the Town

**Tangible Capital Assets:** Non-financial assets, including real property, having a physical substance that: a) are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development construction, maintenance or repair of other Tangible Capital Assets; b) have a useful and economic life extending beyond an accounting period; c) are used on a continuing basis; and d) are not for sale in the ordinary course of operations.

**Town:** Refers to the Town of Crossfield, a municipal corporation of the Province of Alberta

## 2. REGULATORY CONTEXT

**Municipal Government Act (MGA):** under the MGA (Alberta Regulation M-26), municipalities are authorized to receive and manage donations for the purpose of delivering public services and facilities. Donations accepted must serve a municipal purpose and be managed prudently.

**Canada Revenue Agency (CRA) Guidelines:** the Town is not a charitable organization, nor does it have a charitable number. Instead, the *Income Tax Act* legislates that gifts meeting specified criteria, to Canadian municipalities are considered charitable donations and give rise to either a tax deduction or credit for income tax purposes. To facilitate the claim of the deduction or tax credit, the Town issues an Official Donation Receipt for income tax purposes.

## 3. DONATIONS RECEIVED BY THE TOWN

- a. The Town will evaluate the compatibility of and need for the Donation. The Town may refuse a Donation if it:
  - has no need for it;
  - creates a financial burden;
  - presents a conflict of interest;
  - creates undue risk;
  - does not align or support programs or services delivered by the Town; or
  - is from an elected official
- b. Any Donation deemed to meet one of these criteria will be presented to Council for decision.

- c. This policy does not apply to the receipt of donated or contributed Tangible Capital Assets, which are covered by the Town's Tangible Capital Assets Policy 2008-08 (as amended).
- d. Gifts of services and volunteering of time are not considered an Eligible Donation and will not be issued an Official Donation Receipt for income tax purposes.
- e. The Town will only accept donated Goods that:
  - are of approved Canadian operational standards;
  - are compatible with existing equipment, unless it can be demonstrated that compatibility is not necessary and that benefit would be derived from the donated Goods; and
  - prior to receipt, receive a certified appraisal from an appraiser knowledgeable in the appropriate field at the expense of the donor if the Goods have a perceived or estimated value of \$1,000 or more. If the donor has purchased the items for Donation, a copy of the purchase receipt should accompany the Goods.
- f. All donations deemed substantial, whether monetary or in-kind, must receive prior approval from Council before acceptance. The Chief Administrative Officer or designee shall present a report to Council outlining the nature, value, and potential impacts of the proposed donation to inform Council's decision.
- g. Eligible Donations received by the Town will be processed and valued in accordance with Canada Revenue Agency requirements. An Official Donation Receipt for income tax purposes will be issued if requested by the Donor, providing the Eligible Donation has a value of \$20 or more.
- h. The Town will only issue an Official Donation Receipt for income tax purposes for Eligible Donations received and used by the Town. The Town will not issue an Official Donation Receipt for income tax purposes for Eligible Donations received on behalf of third parties.
- i. Upon acceptance of a Donation, it shall become the property of the Town.
- j. Council will be informed annually of all Donations received unless otherwise deemed necessary.
- k. In certain situations, a Donor may receive an advantage or consideration for the Donation. In this instance, if the advantage/consideration does not exceed 80% of the Fair Market Value of the Donation, then the Eligible Donation becomes the Fair Market Value of the donation less the Fair Market Value of the advantage/consideration.

## 4. CONDITIONS & RESTRICTIONS

- a. Donors may designate Donations to a specific program or project.
- b. The Town may request that a Donation be allocated to a different project or area of greater need, subject to the Donor's consent.
- c. Conditional Donations must be tied to an approved capital or operational project, with clear terms outlined in writing.
- d. Unused conditional funds may be returned to the Donor or reallocated with written Donor consent.

## 5. POLICY REVIEW

This policy shall be reviewed every four (4) years, or sooner if required by changes in legislation or CRA regulations.